

State Board of Equalization

**OPERATIONS MEMO**

Confidential

No. : 1062  
Date : May 22, 1998  
Revised Date : February 18, 2007  
Revised Date : April 25, 2007  
Revised Date : July 20, 2009

**SUBJECT: Requesting Cancellation of DMV Dealer Licenses**

**I. GENERAL**

This Operations Memo has been revised to incorporate procedural changes regarding the request to cancel Department of Motor Vehicle (DMV) licenses under specified conditions. [REDACTED]

**II. BACKGROUND**

Assembly Bill 3243, approved by the Governor on September 30, 1990, expanded Sections 11518(e), 11617(a)(6) and 11721(f) of the California Vehicle Code. Upon revocation of a taxpayer's seller's permit, their dealer's license is automatically canceled. [REDACTED]

[REDACTED] Sales and Use tax accounts requiring a dealer license include, but are not limited to, accounts with NAICS codes 441110 (new motor vehicle dealers), 441210 (automobile trailer dealers), 441120 (used automotive dealers), 441222 (boat dealers), 441221 (motorcycle dealers), and 423100 (wholesalers).

**III. POLICY**

When in contact with a delinquent taxpayer that has a valid dealer license, they **must** be informed that upon revocation of their seller's permit their dealer's license is automatically canceled. Notes regarding the conversation should be entered in ACMS notes. They should also be advised that once the DMV dealer's license is canceled, it cannot be reinstated. The taxpayer must apply for a new dealer license and go through the process of meeting all requirements for a new license, including the posting of a new bond.

Established policy does not allow processing of more than two compliance assessments in any 12-month period to clear delinquencies for a specific account. Compliance assessments may **not** be issued to *delinquent* accounts that have a valid dealer's license. The only exceptions are cases that justify a jeopardy determination. A seller's permit of a dealer with a valid license who does not file tax returns will automatically be revoked following existing revocation guidelines per CPPM Section 751.000, after which a compliance assessment may be issued to clear any delinquent

Any taxpayer with a valid dealer license who fails to pay their self-assessed delinquent sales and use tax liability should have their seller's permit revoked for failure to pay. A taxpayer whose seller's permit has been revoked for failure to pay must pay all self-assessed delinquent balances due prior to reinstating the seller's permit. A taxpayer whose seller's permit has been revoked for failure to pay BOE-assessed balances can be required to pay the balance due in full or may be allowed to enter into an installment payment agreement prior to reinstating the seller's permit.

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

## **V. Obsolescence**

This operations memo will become obsolete when incorporated into the Compliance Policy and Management Guidelines Manual.

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